

40A:2-8

LEGISLATIVE HISTORY CHECKLIST

(Local improvements--capital notes--increase amount that may be outstanding)

NJSA 40A:2-8

LAWS 1980

CHAPTER 114

Bill No. A862

Sponsor(s) Edwards and others

Date Introduced Feb. 4, 1980

Committee: Assembly Banking and Insurance

Senate County and Municipal Government

Amended during passage ~~Yes~~ No

Date of Passage: Assembly June 9, 1980

Senate July 28, 1980

Date of approval Sept. 19, 1980

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly ~~Yes~~ No

Senate Yes ~~No~~

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

ASSEMBLY, No. 862

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1980

By Assemblymen EDWARDS, KERN, PAOLELLA and KOSCO
Referred to Committee on Banking and Insurance

AN ACT concerning the "Local Bond Law" and amending N. J. S.
40A:2-8.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 40A:2-8 is amended to read as follows:

2 40A:2-8. a. A local unit, in anticipation of the issuance of bonds,
3 may borrow money and issue negotiable notes if the bond ordinance
4 or subsequent resolution so provides. Any such note shall be
5 designated "bond anticipation note" and shall contain a recital
6 that it is issued in anticipation of the issuance of bonds. Such notes
7 may be issued for a period of not exceeding 1 year and may be
8 renewed from time to time for periods of not exceeding 1 year, but
9 all such notes, including renewals, shall mature and be paid not
10 later than the fifth anniversary of the date of the original notes
11 provided, however, that no such notes shall be renewed beyond the
12 third anniversary date of the original notes unless an amount of
13 such notes, at least equal to the first legally payable installment of
14 the bonds in anticipation of which said notes are issued, is paid and
15 retired on or before said third anniversary date and, if such notes
16 are renewed beyond the fourth anniversary date of the original
17 notes, a like amount is paid or retired on or before said fourth
18 anniversary date from funds other than the proceeds of obligations,
19 except that:

20 1. Such notes shall mature and be paid not later than the first day
21 of the fifth month following the close of the fifth fiscal year next
22 following the date of the original notes, provided that, in addition
23 to amounts paid and retired pursuant to paragraph a. above, an
24 amount of such notes equal to not less than the first legally payable
25 installment of the bonds in anticipation of which such notes are
26 issued has been paid and retired not later than the end of said fifth
27 fiscal year from funds other than the proceeds of obligations; and

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

28 2. Notes issued to finance local improvements and in an amount
29 not exceeding the amount of special assessments then confirmed
30 and unpaid and not delinquent may be renewed for periods of not
31 exceeding 1 year but shall mature and be paid not later than the
32 fifth anniversary of the date of the original notes.

33 b. A local unit may finance any improvement which it has power
34 to finance by obligations issued under this chapter by the issuance
35 of "capital notes." The aggregate amount of all such notes out-
36 standing at any one time shall not exceed the lesser of ~~[\$40,000.00]~~
37 \$200,000.00 or 1/2 of 1% of the equalized valuation basis. Such
38 notes shall be authorized in the same manner as bond anticipation
39 notes and shall be payable from funds other than the proceeds of
40 obligations within 5 years from the date of the issuance of the
41 first of said notes and not less than 20% thereof shall be paid in
42 each succeeding year. The local unit shall provide for the payment
43 of the principal of, and interest on such notes falling due in each
44 year.

45 c. The local finance board shall issue, in the manner prescribed
46 by law, such rules and regulations as are necessary to the imple-
47 mentation and execution of this act.

1 2. This act shall take effect immediately.

STATEMENT

This bill would increase the limit on the aggregate amount of "capital notes" to finance improvements a local unit may have outstanding from the lesser of \$40,000.00 or 1/2 of 1% of the equalized valuation basis, to the lesser of \$200,000.00 or 1/2 of 1% of the equalized valuation basis. The current statutory ceiling is totally insufficient in the face of current inflationary conditions, and inhibits the construction of needed local improvements.

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A 862 (1980)

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO
ASSEMBLY, No. 862

STATE OF NEW JERSEY

DATED: JUNE 26, 1980

Assembly Bill No. 862 would increase the limit on the aggregate amount of "capital notes" to finance improvements a local unit may have outstanding from the lesser of \$40,000.00 or $\frac{1}{2}$ of 1% of the equalized valuation basis, to the lesser of \$200,000.00 or $\frac{1}{2}$ of 1% of the equalized valuation basis.

The sponsor states that the "current statutory ceiling is totally insufficient in the face of current inflationary conditions, and inhibits the construction of needed local improvement."

Historical Note: The \$40,000.00 limit appears to have been inserted by the 1960 revision of the Local Bond Law. Previously, there was no monetary limit, only $\frac{1}{2}$ of 1% of valuation limit. The \$40,000.00 limit has not changed since 1960.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

SEPTEMBER 19, 1980

PATRICK SWEENEY

Governor Brendan Byrne today signed the following bills:

A-1822, sponsored by Assemblyman Richard James Codey (D-Essex), which will authorize horse racing and parimutuel betting on Sundays between noon and 1 a.m. the following day, subject to approval by referendum at the November 1980 general election. The bill will also permit Saturday racing to extend until 1 a.m. Sunday.

Sunday racing has been successfully implemented in New York and California.

A-8, sponsored by Assemblyman William J. Bate (D-Passaic), which permits the former wife or husband to be included on a family or individual insurance policy owned by the person liable for support.

A-862, sponsored by Assemblyman W. Cary Edwards (R-Bergen), which amends the Local Bond Law, N.J.S.A. 40A:2-8, to increase the maximum aggregate amount of "capital notes" a local government may have outstanding. Previously, it was the lesser of \$40,000 or 1/2 of 1 percent of the equalized valuation basis; under this bill, it will be the lesser of \$200,000 or 1/2 of 1 percent of the equalized valuation basis.

A-1482, sponsored by Assemblywoman Barbara W. McConnell (D-Hunterdon), which corrects a technical error in P.L. 1979, c. 143, which exempted certain buses from payment of a school bus registration fee.

A-1535, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), which repeals P.L. 1979, c. 235, which imposed a tax upon gross receipts derived from sales of electric energy produced in New Jersey and sold out of state.